

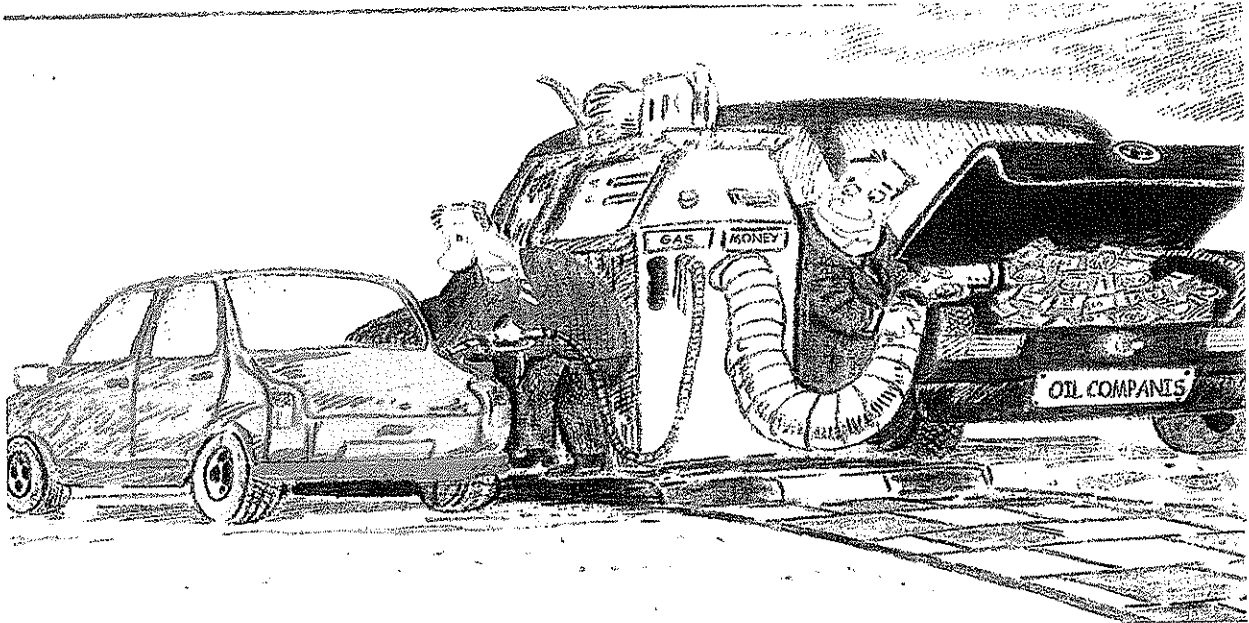


**GASOLINE & AUTOMOTIVE SERVICE
DEALERS OF AMERICA, Inc.**

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*Our Members are responsible for selling over 60%
of gasoline sold annually in the State of Connecticut!*



**FINANCE, REVENUE & BONDING
COMMITTEE PUBLIC HEARING**

***Testimony on House Bill 6498 An Act Concerning the Sales
and Use Tax Rate***

By Michael J. Fox, Executive Director

February 23, 2009

Senator Daily and Representative Staples and members of the Finance, Revenue & Bonding Committee. Thank You for the privilege of testifying today, my name is Michael Fox and I am the Executive Director of The Gasoline & Automotive Service Dealer's of America, Inc. a trade association representing over 450 franchise small business owners in Connecticut.

We could support House Bill 6498 if after reviewing the current sales tax rate and specifically focusing on eliminating all current exemptions with the exception of food, medical and clothing. Because of the current fiscal crisis, small inconveniences such as sales tax on newspapers should not matter. What should matter is fundamental tax fairness as our members believe that after removing all current exemptions from those business and services that have paid nothing, the state might reduce the current rate! This would restore competitiveness for business owners in Connecticut, rather than the current disadvantage that we face.

Legislatures need to review industry trends that year after year point to consumer increase use of the internet. While many will debate why that is, my informal survey is simple. Most say convenience and lower costs. In the end, we can all debate that, but in reviewing same store sales for 2008, only the lower cost sellers again beat out same store sales for 2007. While the increase was lower than increase from 2006 to 2007 nonetheless, sales and profits went up during the same tough economic times that we face here in Connecticut and across the country. Unless the state can have a tax model like the major oil companies which is get as much as you can because they can't get it anywhere else, then we must look at the success stories that have worked during the worst economic times of today and in the past. That success model is decreasing cost during tough times and continuing basic service needs.

Wal-Mart, Sam's Club and other low cost sellers may have cut staff slightly, the basic services they have always provided at the lowest possible costs still exists and that is why sales and profits continue to grow in this tough economic environment. After your review and removal of all exemptions except for basic needs of food, medical and clothing, if a rate increase is necessary, then our members could and would support it because then fundamental tax fairness would be in place. However, it is just not right to ask those of us who have paid in the past and continue to pay today to pay more when so many who could afford it pay nothing at all.

Thank you and I will answer any questions you may have!